

Minutes of the Finance Committee

Monday, October 28, 2002

Chair Haukohl called the meeting to order at 8:50 a.m.

Present: Supervisors Pat Haukohl (Chair), Genia Bruce, Joe Griffin, and Joe Marchese. Mike Sonnentag arrived at 8:53 a.m. and Jim Behren arrived at 1:39 p.m. **Absent:** Don Broesch.

Public Present : City of New Berlin Citizens Vernon and Peg Bentley, and Peggy Ament; and City of Muskego Citizens David and Kathleen Bazinski.

Also Present : Legislative Policy Advisor Mark Mader, Legislative Policy Advisor Dave Krahn, Chief of Staff Lee Esler, Administration Director Norm Cummings, County Board Supervisor Rodell Singert, County Board Supervisor Dick Manke, Budget Manager Keith Swartz, Budget Specialist Linda Witkowski, Senior Financial Analyst Mike Baniel, County Board Supervisor Duane Stamsta, County Board Supervisor Alicia Silva, Accounting Services Manager Larry Dahl, County Board Supervisor Kathleen Cummings, Chief of Staff Jeff Landin, Principal Financial Projects Analyst Bob Ries, County Board Supervisor Dan Pavelko, County Board Supervisor Hank Carlson, County Board Supervisor Joe LaPorte, County Board Supervisor Duane Paulson, and Public Works Director Rich Bolte.

Review Correspondence

School resource officer statistics for 2000 - 2001 from Sheriff Trawicki were distributed, as requested by the committee at a previous meeting.

Public Comments

Vernon Bentley spoke in opposition of a consolidated dispatch center due to cost and functionality issues. (Public comments continued later in the meeting, prior to the budget amendments).

Mike Sonnentag arrived at 8:53 a.m.

For informational purposes, Singert distributed copies of an article from the *Wall Street Journal* entitled "About Freedom in the Free World." Two world-renowned economists share their thoughts on freedom, the free market place, and decentralization.

Discuss and Consider 2003 Capital Projects, and the Non-Departmental Budget (General Fund, Debt Service, Contingency Fund)

Director Cummings and Witkowski were present to discuss the capital projects section of the budget book. Cummings said there was a slight change in direction for 2003. Over the year they try to build a budget base for the capital budget. It's important to maintain a good levy down payment which also helps secure the County's AA bond rating. Cummings advised that we want to maintain a minimum of 20% in levy effort and when the economy is good, they will aim for more than 20%. However, for the first time in about eighty years, they reduced the amount of levy effort from the prior year by about \$400,000. This was because of another difficult year for health insurance costs. Cummings said he believes the health insurance trend will continue but that the increases will stabilize and they may be able to slightly increase the levy effort next year for the capital budget. The 2002 capital budget included about \$5.6 million in levy effort and the 2003 budget includes about \$5.2 million. It's important to maintain the levy effort, not necessarily for 2003 but for future years as well. Total expenditures budgeted for 2003 capital projects is \$30,586,700 which is \$3,717,012 more than what was budgeted for 2002 - about 26.7% in levy effort, more than the 20% goal.

Cummings went on to discuss Debt Service which provides the funds sufficient to make annual interest and principal on County debt obligations borrowed for capital expenditures. By statute, the County's

outstanding debt is restricted to 5% of the equalized value of all property in the County. Projected expenditures assume a 5.5% annual growth rate and include an estimated jail facility expansion impact of up to \$3 million in 2005. Total Debt Service budgeted for 2003 is \$12,288,538 of which, \$10,988,538 is tax levy. This represents a Debt Service increase of \$570,238 from 2002, and a levy increase of \$175,476 from 2002.

MOTION: Marches moved, second by Bruce to tentatively approve the 2003 Capital Projects and Debt Service budgets. Motion carried 5 -0.

Cummings reviewed the 2003 Non -Departmental budget which includes those projects that are not associated with any one department -perhaps short -term or one -time expenditures. Cummings reviewed 2003 specific activities and purpose as outlined in the budget book. Some of the larger line items include \$100,000 for unemployment/retirement/retention; \$640,000 SEWRPC allocation; \$105,000 for business continuity; a \$235,000 grant to the Waukesha County Historical Society; \$85,000 for the Waukesha County Economic Development Corporation; and \$ 81,000 for employment advertising. Total expenditures increased \$140,460 or 8.9% (\$1,576,868 was budgeted for 2002 and \$1,717,328 is being budgeted for 2003). Revenues increased \$101,755 or 7.5% (\$1,363,795 was budgeted for 2002 and \$1,465,550 is being budgeted for 2003). The tax levy increased \$38,705 or 18.2% (\$213,073 was budgeted for 2002 and \$251,778 is being budgeted for 2003).

MOTION: Marches moved, second by Griffint to tentatively approve the 2003 Non -Departmental budget. Motion carried 5 -0.

Status Report on Fund Balances: Reserved, Unreserved, and Contingency Fund

Director Cummings distributed copies of "General and Special Revenue Funds -Expenditures, Undesignated Fund Balance," and "Summary of Projected Fund Balance." Cummings explained that the County maintains unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short -term borrowing to fund daily operations and to maintain the County's Aaa bond ratings. The unrestricted governmental (general and special revenue) fund balance to governmental expenditures ratio is maintained at a minimum of 11% or about eight weeks of working capital for operations. Cummings said the goal during a good economy is to bear around a 15% ratio which is where we are now, and we never want to go below 11%. He noted that fund balance reserves are not to be used for continuous operations. To the extent possible, reserves are used to provide operating efficiencies over the long term.

For next year's budget, there's a total of \$165 million worth of expenditures in general and special revenue funds. The estimated 2003 undesignated/unreserved fund balance is \$24.6 million. The 2003 budget includes a \$6.2 million fund balance and there is slightly more than \$500, 000 in special revenue funds. This is not all cash -about \$6 million is in delinquent taxes which are almost always paid within a three-year period. Cummings noted that most of the \$25 million in capital projects is cash that was appropriated for current projects and is not available money. Any leftover funds after a capital project is closed out are used to lower the amount of levy and the fund balance. Debt Service funds are designated and must be used for current or future debt service payments. Cummings advised that these funds are continually invested and the investment revenues are used to reduce the tax levy.

Cummings discussed the 2003 Contingency fund. That portion which relates to collective bargaining strategy is discussed later in this meeting in closed session. Cummings said the contingency fund is established to pay for expenditures that are unforeseen. Total expenditures remained at the 2002 level of \$1,350,000. Revenues decreased \$100,000 or 10% (\$1,000,000 was budgeted for 2002 and \$900,000 is being budgeted for 2003). The tax levy increased \$100,000 or 28.6% (\$350,000 was budgeted in 2002 and \$450,000 is being budgeted for 2003).

Strategy for Current Investment Environment

Cummings distributed copies of "Unrealized Gain, Bank One Portfolio -1/1/2001 to 10/25/2002," and Portfolio Holdings as of 10/25/02." Cummings said the County has an opportunity to sell some bonds and make \$500,000 in investment returns/profit to meet our budget. There is a slight risk whereby when the County reinvests the money, it will be reinvested at a lower rate. However, they will not sell the entire portfolio. For a small fee, the County hired a firm to determine which of four securities are in the best condition to sell and not be detrimental to the County. Cummings noted this is an unprecedented situation and we have the chance to do this for very little cost.

MOTION: Marchese moved, second by Bruce to approve the sale of selected securities for a \$500,000 gain. Motion carried 5 -0.

Closed Session

MOTION: Bruce moved, second by Sonnentag to go into closed session at 11:28 a.m. in accordance with Wis. Stats 19.85(1)(e) to consider the designated Contingency fund involving matters of competitive or bargaining reasons which require a closed session, and to approve the closed session minutes of previous meeting(s). Motion carried 5 -0.

MOTION: Bruce moved, second by Griffin to return to open session at 11:59 a.m. Motion carried 5 -0.

MOTION: Marchese moved, second by Sonnentag to tentatively approve the Contingency fund. Motion carried 5 -0.

The committee had no objection to the technical corrections and changes to the 2003 budget amendments.

The committee recessed for lunch at 12:00 p.m. and reconvened at 1:02 p.m. Sonnentag, Behrend, and Broesch were not in attendance.

Public Comments

David and Kathleen Bazinski left written comments stating their opposition to the consolidated dispatch center. Silva felt the combined population of those communities that have not signed on with consolidated dispatch total more than 50% and therefore, there must still be a lot of questions and concerns. Regarding contracting out the County's transit services, LaPorte felt the City of Waukesha should get the contract. He said to do otherwise would put the city out of the transit business.

Discuss and Consider Amendment to the 2003 Waukesha County Operating Budget

Farley explained the difference between those items that require a majority vote and those that require a two-thirds vote for adoption. Basically, the County Board can do whatever it wants by a majority vote as long as the statutes don't require otherwise. With regard to the 5-year capital plan, the County Code states that the County Board may add, delete, or make changes to projects by a majority vote. However, a two-thirds vote of the members present is required in the following circumstances: to add a project to the first year of the plan, to delete a project from the first year of the plan, and to make a significant change in the project scopes scheduled in the first year of the plan. Capital budget appropriations shall be made in conjunction with the adoption of the annual operating budget. That clearly sets forth that while the plan may require a two-thirds vote in those instances, the capital budget appropriation process is the controlling document. And this document is adopted by a majority vote. It takes a two-thirds vote to change a plan, not to adopt a plan. Also, there's no way to put something back in once it has been taken out by the County Board on a majority vote.

Sonnentag arrived at 1:16 p.m.

Haukoht said the amendments involve either allocating dollars or denying dollars by a majority vote. She advised that the Finance Committee could only consider those amendments submitted to the County Board Office Friday, October 25th. Individual County Board Supervisors can submit additional amendments by November 4th to be considered at the November 12th County Board meeting.

Haukoht said the following three amendments are for UW -Extension and involve appropriating Community Development Block Grant funds. Staff did not know the dollar amounts at the time the budget was being prepared.

Amendment EXE -1: Increase intergovernmental grant revenues \$128,000 and increase personnel cost appropriation by \$3,000, operating expense appropriation by \$118,050 and interdepartmental charges appropriation by \$6,950 for expenditures associated with grants for the Urban Initiative program (in accordance with the Community Development Block Grant (CDBG) enrolled ordinance 157 -066). This amendment results in no additional direct tax levy impact.

Amendment EXE -2: Increase intergovernmental grant revenues \$10,000 and increase operating expense appropriations by \$9,000 and interdepartmental charges appropriation by \$1,000 for CDBG funding designated for a Non -profit Leadership and Management Development project that CDBG has assigned a subgrantee award to UW Extension to administer the program. This amendment results in no additional direct tax levy impact.

Amendment EXE -3: Increase intergovernmental grant revenues \$15,000 in the Environmental program for a recent Community Service Block Grant (CSBG) grant award notification. Increase personnel cost appropriation by \$6,000, operating expense appropriation by \$7,000 and interdepartmental charges by \$2,000. The grant is for a community gardening collaboration project to develop two new neighborhood gardens and on a new Huber garden plot to teach basic gardening and nutrition life skills to neighborhood residents and Huber inmates with the product to be donated to food pantries in Waukesha County. This amendment results in no additional direct tax levy impact.

MOTION: Marchese moved, second by Bruceto approve EXE -1, EXE -2, and EXE-3. Motion carried 5-0.

Haukoht said the following amendment has already been done via ordinance. It appropriates the dollars to change a part -time psychiatrist position to full -time.

Amendment HHS -1: Increase the Personnel Cost appropriation by \$29,860 and decrease the Operating Expense appropriation by \$29,860. Amended appropriations provide budget funds to increase regular part-time psychiatrist to 1.0 FTE regular full-time psychiatrist per enrolled ordinance 157 -0-058, increasing county employee psychiatrist services. Increase in psychiatrist cost total \$38,921, offset by transfers from extra help, overtime and operating expense accounts. These transfers include a 0.10 FTE reduction in extra help (\$5,483), a 0.09 FTE reduction in overtime (\$3,578) and an operating expense reduction of \$29,860 in contracted psychiatrist services. The increase in county provided psychiatry hours more than offsets the decrease in contracted hours (estimated at net 112 additional hours in 2003). This amendment results in no additional tax levy impact.

MOTION: Griffin moved, second by Sonnentag to approve HHS -1. Motion carried 5 -0.

Amendment SPVR -2: Modify language to include the following as the second sentence in the Program Highlights: "The County shall seek proposals, with have or selected in a competitive bid process, to administer the County's mass transit program in 2003 for no more than the proposed tax levy." (Page 300, Program Highlights). This amendment results in no additional tax levy impact.

Hauko hl distributed copies of her amendment, SPVR -2. She felt this will allow the County to be more open and seek the best fit, rather than choosing one or the other (Milwaukee County or City of Waukesha). This will open up the bidding process. Marc heses supported Milwaukee County as our transit provider. He felt they had the facilities, manpower, and grant capabilities and could probably solve a lot of our transit problems. Bruce agreed. Director Cummings did not think the word "bid" should be included in the amendments since the evaluation process would not be based on just dollars and cents. Hauko hl agreed.

Behrend arrived at 1:39 p.m.

Bruce had concerns that during the RFP evaluation, too much weight is put on price and that's when we could sacrifice quality. Director Cummings disagreed and said typically the price factor is only around 25% to 30% of the overall evaluation. Bruce agreed with that percentage, however, this has happened in the past where by she referred to a previous transit contract for the Department of Senior Services. Hauko hl said a discussion on the RFP processing general will be taken up at the next Finance Committee meeting.

Bolte advised that the provider can only be a government agency because only they can receive the federal funds. The two logical candidates at this point are the City of Waukesha and Milwaukee County. Further, the chosen provider would assume the transit service contracts that we already have and they would not do something different. The cost to administer the service is the only cost factor. The quality issue is another factor - Waukesha Metro vs. Milwaukee County. This will be difficult. Bolte said they have proposed all along that it be Milwaukee County because from a regional perspective it seemed to make the most sense. Not that they didn't like the City of Waukesha. In fact, if things didn't work out with Milwaukee County, staff would turn to the City immediately. Bolte said the formula for Federal transit aid distribution is set by SE WRPC. Since he can remember, Waukesha County has always split that aid 50/50 with the City. It's not a law or a requirement but a choice that was made by the County's policy makers years ago. Obviously, the more money we keep for the County, the less tax levy we need to put into transit services. The 2003 budget was put together assuming a 50/50 split with the City.

To answer Bruce's question, Bolte said if the contract goes to Milwaukee County, it could be written into the contract that the City of Waukesha will continue to get 50% of the County's federal funding. Bruce felt it wouldn't necessarily have to be 50% and it could be based on ridership and needs.

Singert did not feel we should contract with Milwaukee County. He said it's the wrong direction and the wrong amount of money. Supervisor Cummings said the City of Waukesha has a vested interest in Waukesha County, not Milwaukee County, and because of this, the city would make it work. Also, Milwaukee County already has the City of Waukesha's proposals so she questioned the fairness of the RFP process. Stamstas said Milwaukee County is renowned in the nation for having one of the best public transit systems. Also, it's important to remember that we're looking for an administrator, not people to drive the buses. Behrend did not think an RFP process in this particular situation would work and wondered if either entity would submit a bid.

Esler said the Public Works Committee recommended an amendment, a legislative directive, stating that we enter into an intergovernmental agreement with Milwaukee County. This agreement, when it's finalized, will have to be approved by the County Board via ordinance. Supervisor Singert will have an amendment stating that the City of Waukesha will receive the intergovernmental agreement. While Hauko hl's amendment states this would be decided through an RFP process. Esler said it's likely that all three amendments will be considered at the November 12th County Board meeting. If all are defeated, the services will continue to be administered internally where by Esler brought up concerns on the financials listed in the budget book. Hauko hl asked that the word "operate" be added after the word "administer" in her amendment, SPVR -2.

MOTION: Hauko hl moved, second by Bruce to approve SPVR -2. Motion carried 4 -2. Bruce and Behrend voted no.

Amendment PW -1: Modify language to include "The County is currently seeking a proposal with Milwaukee County. Contingent upon approval by ordinance of final agreement, Milwaukee County will administer and operate the program in 2003 for no more than the proposed tax levy." (Page 300, Program Highlights). This amendment results in no additional direct tax levy impact.

MOTION: Bruce moved, second by Griff into approve PW -1. Motion defeated 1 -5. Bruce voted yes.

Amendment SPVR -1: Modify language to include "The County shall seek a proposal from the City of Waukesha. Contingent upon approval by ordinance of final agreement, the City of Waukesha will administer and operate the program in 2003 for no more than the proposed tax levy." (Page 300, Program Highlights). This amendment results in no additional direct tax levy impact.

MOTION: Marchese moved, second Sonnentag by to approve SUPR -1. Motion defeated 0 -5.

Stamstasa id amendments JLE 1 through 5 are due to funds that came in after the 2003 budget was prepared.

Amendments JLE 1 -5: Increase Other Revenue in the Patrol program by \$43,600 and in the Inmate Security program by \$8,775 by appropriating General fund balance reserves from Federal Asset Seized Forfeiture revenue received but not yet appropriated. This amendment results in no additional direct tax levy impact.

Increase the Fixed Asset appropriation and the Operating Expense appropriation as follows:

Fixed Asset	Patrol Program	\$16,000	Portable Speed Measurement Device
Operating	Patrol Program	\$15,100	30 Traffic Pre -Emption Devices
Operating	Patrol Program	\$2,000	Honor Guard Supplemental Equipment
Operating	Inmate Security Program	\$8,775	Small Equipment
Operating	Patrol Program	\$10,500	5 set of Body Armor

MOTION: Marchese moved, second by Griff into approve JLE -1 through JLE -5. Motion carried 6 -0.

Amendment JLE -6: Reduce the personnel cost appropriation budget by \$28,272 to remove the budget appropriation for the Director of Public Safety position originally funded effective October 1, 2003 and reduce the tax levy by \$28,272. This amendment results in a \$28,272 reduction of tax levy. This amendment results in no additional tax levy impact.

With regard to amendment JLE -6, Stamstasa said the Judiciary Committee voted unanimously in favor of it which eliminates this position in the 2003 budget.

MOTION: Griffin moved, second by Sonnentag to approve JLE -6. Motion carried 4 -2. Behrend and Bruce voted no.

Amendment JLE -7: Eliminate the Public Safety Department and relocate the Dispatch Center Operations program and budget funding into the Public Works department -General Fund. This amendment results in no additional tax levy impact.

Hauko hl said amendment JLE -7 places dispatch in the Public Works Department budget on an interim basis until it's permanent location is determined. Hauko hl noted this amendment is due to the Public Safety Department being eliminated in the budget. Both Stamstasa and Bruce felt Director Bolte had a lot of

expertise in this area and they're confident this is the best option. Behrend and Haukohl both had some concerns but for the interim they supported the amendment. Esler noted that the dispatch center operations being overseen by Bolt would not include the current dispatch operations in the Sheriff's Department. Director Cummings added that if consolidated dispatch is approved and once it's operating, the dispatch operations under the Sheriff's department would end.

MOTION: Bruce moved, second by Griff into approve JLE -7. Motion 6 -0.

Amendment FIN -1: Delete project 200210 (page 414) WC Communications Center and reduce expenditures \$6,100,000 and delete \$1,975,625 of General Fund Loan (to fund municipal financing), delete \$155,469 of Municipal Revenue, reduce \$3,750,000 of borrowed funds, and reduce Investment Income \$218,906 to reflect lower earning on a reduced borrowing.

Haukohl said a "yes" vote on amendment FIN -1 delete the consolidated dispatch center and a "no" vote keeps it in the budget. Singert distributed information on an amendment he was drafting to be considered at the November 12th County Board meeting. He believes the project needs to be amended to reduce costs and it needs new policy direction (scope) in order for it to be more goal-oriented and successful. He does not feel the County has listened enough to the public and safety administrators. Director Cummings went on to dispute some of the statements in Singert's amendment. Bruce, Behrend, and Mankes spoke in favor of a consolidated dispatch system.

MOTION: Marchese moved, second by Sonnentag to approve FIN -1. Motion defeated 1 -5. Sonnentag voted yes.

Sonnentag left the meeting at 3:27 p.m.

*Amendment FIN -2: Reduce the Personnel Cost appropriation by \$117,252 to remove position costs for the Communication Center Manager, Telecommunications Training Coordinator, and Temporary Extra Help. Increase the Operating Expense Appropriation by \$117,252 to purchase Contracted Services. This amendment results in no additional direct tax levy impact. *Note: Contracted Services to coordinate the configuration of the Computer Aided Dispatch (CAD) system, Records Management (RM) system, and other technology. Also prepare the training materials and training process for the use of the new systems.*

Haukohl said amendment FIN -2 on consolidated dispatch reduces the personnel costs contained in the personnel/positions ordinance, previously adopted by the County Board. Instead of hiring four people, the dollars would go into contracted services for at least the 2003 budget. A "no" vote pulls it from the budget. Supervisor Cummings said she will propose an amendment on the County Board floor, the reverse of this amendment, to reduce funding by \$117,252 which basically kills it.

MOTION: Marchese moved, second by Bruce to approve FIN -2. Motion carried 5 -0.

Amendment FIN -3: Reduce the Personnel Cost appropriation by \$67,959 to remove the position cost for the Senior Information Systems Professional. Increase the Operating Expense Appropriation by \$67,959 to purchase Contracted Services. This amendment results in no additional direct tax levy impact. *Note: Contracted Services to coordinate the configuration of the Computer Aided Dispatch (CAD) system, Records Management (RM) system, and other technology. Also prepare the training materials and training process for the use of the new systems.*

MOTION: Marchese moved, second by Griff into approve FIN -3. Motion carried 5 -0.

Amendment FIN -4: Include new project plan for an Airport environmental assessment (to determine limitations in addressing Federal Aviation Administration safety standards) and 2003 budget funding by increasing expenditures \$16,600 and increasing tax levy by \$16,600.

Haukohl said amendment FIN -4 allocate the dollars for the assessment. Bruce said while the intentions were good, she was concerned about the public's perception. She has received numerous phone calls and e-mails from citizens who are very concerned about potential airport expansion. While the assessment only addresses safety issues, many citizens believe this is just another step toward expansion. Bruce felt this should at least be delayed for a while to give the public some time to review it. Haukohl agreed with the perception issue, however, the fact is it has nothing to do with expansion. She noted that a public hearing on the assessment results will be held. Behrend said he was opposed to airport expansion in general but he felt the assessment was a good deal financially. Esler said this amendment and the following two were prepared by budget staff to coincide with previous County Board actions on the first year of the capital plan.

MOTION: Marchese moved, second by Behrend to approve FIN -4. Motion carried 4-1. Bruce voted no.

Amendment FIN -5: Modify project 200328 Courthouse/Administration Center Security plan and reduce expenditures \$60,000 and increase grant revenue sources (to be determined) by \$60,000. This amendment results in \$60,000 reduction in tax levy and \$60,000 reduction in capital projects fund balance.

MOTION: Behrend moved, second by Griffin to approve FIN -5. Motion carried 5-0.

Amendment FIN -6: Delete project 200322 Moor Downs G.C. Redevelopment Project plan and reduce expenditures \$745,000 and reduce Golf Course retained earnings funding \$745,000. This amendment results in no direct tax levy impact.

Haukohl stated that approving this amendment will move a proposed parking lot out of the Moor Downs area. Mader clarified that a "yes" vote will delete the project from the 2003 budget.

MOTION: Marchese moved, second by Behrend to approve FIN -6. Motion carried 4-1. Bruce voted no.

Esler said Supervisor LaPorte will submit an amendment to delete all monies for next year's jail project. Supervisor Cummings will submit an amendment on the jail projects specifying that it be located entirely east of Riverview, as currently proposed. She just wants the language stated in the plan. Esler said Supervisor Seitz will submit an amendment to delete all funding for the consolidated dispatch center capital project.

Ordinance 1570- 074: Adopt 2003 Waukesha County Budget

MOTION: Marchese moved, second by Behrend to approve ordinance 157 -O-074. Motion carried 5-0.

MOTION: Griffin moved, second by Behrend to adjourn at 3:52 p.m. Motion carried 5-0.

Recorded by Mary Pedersen, Legislative Associate.

Respectfully submitted,

Joseph F. Griffin
Secretary